Ref. Ares(2026)3406202 - 31/03/2026

European Commission

Annual Activity Report 2025

EUROPEAN INNOVATION COUNCIL AND SMEs EXECUTIVE AGENCY (EISMEA)

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EISMEA IN BRIEF

The European Innovation Council and SMEs Executive Agency (EISMEA) was established on 1 April 2021 ([1]). With a focus on innovation and the single market, it creates strong synergies to support the recovery, strengthening and twin transition of the European economy. The Agency has been entrusted with the implementation of the following (parts of) Union programmes:

- Horizon Europe, pillar III: the European Innovation Council (EIC) and European Innovation Ecosystems (EIE);
- European Regional Development Fund: Interregional Innovation Investments (I3) Instrument;
- Single Market Programme: SME Pillar; Internal market; support to standardisation; and Consumer Protection Pillar.

By implementing these programmes and the specific delegated tasks ([2]), the Agency helps to unleash the full potential of the single market and contributes to reaching the European Commission's objective of a new plan for Europe's sustainable prosperity and competitiveness. EISMEA's activities notably contribute to ensuring Europe's open strategic autonomy as well as the objectives of the STEP Regulation ([3]) to stimulate investments in critical technologies.

EISMEA's mission is to provide high quality support to European innovators, researchers, businesses, regions and consumers. The Agency aims to reinforce the European Union's position as a global leader in Research and Innovation, strengthen its Single Market, open opportunities for SMEs and maintain high standards of protection for its citizens towards a more competitive, digital, green and inclusive EU. Its work is underpinned by six core values: client orientation, excellence, innovation, integrity, respect and transparency.

The Agency has its own administrative budget for which it receives from the EU an annual subsidy. The administrative budget covers the running costs of the Agency, staff expenditure, office related costs, IT and other services. EISMEA's Director is the authorising officer (AO) for this budget. The post of Director became vacant on 1 April 2025. The Agency was managed by an Acting Director until 1 December 2025 when Momchil Sabev was appointed as the Director of EISMEA.

EISMEA operates under the control of the Commission: it reports to the Directors-General of the parent Directorates-General (DGs) and to the Steering Committee on the performance of the tasks assigned to the Agency. EISMEA implements delegated tasks in close cooperation with its six parent DGs ([4]).

([1]) COMMISSION IMPLEMENTING DECISION (EU) 2021/173 of 12 February 2021
([2]) As outlined in Article 4 and annexes of Commission Decision C(2021)949 final
([3]) Regulation (EU) 2024/795
([4]) DG Research and Innovation (DG RTD), DG Communications Networks Content and Technology (DG CONNECT), DG Internal Market, Industry, Entrepreneurship and SMEs (DG GROW), DG Justice and Consumers (DG JUST), DG Regional and Urban Policy (DG REGIO) and DG Mobility and Transport (DG MOVE).

EISMEA

From ideas to global markets: Innovation made in Europe

EISMEA IN NUMBERS

Established 1 April 2021

Mandate 2021-2028

6 Parent DGs RTD, CNECT, GROW, REGIO, JUST, MOVE

Implements parts of **3 programmes**:

- **Horizon Europe:** European Innovation Council (EIC) and European Innovation Ecosystems (EIE)
- **Single Market Programme (SMP):** Consumer Protection Pillar, SME Pillar and Internal Market & Support to Standardisation
- **European Regional Development (ERDF):** Interregional Innovation Investments (I3) Instrument

Responsible for managing:

2235 projects
EUR 1.1 billion of EU funds

Responsible for selecting:

110 companies that will receive up to EUR 1 billion of investments

SUPPORTING UKRAINIAN BUSINESS & INNOVATION

European Innovation Council:
EUR 12M in funding for **450** Ukrainian Tech Startups
EUR 20M follow-up call launched to support recovery efforts

Enterprise Europe Network:
Helped around 200 SMEs integrate into the single market

Erasmus for Young Entrepreneurs:
Provided new skills and experience for **340 Ukrainian new entrepreneurs**

Translation of harmonised standards into Ukrainian

OUR WORKING ENVIRONMENT

360 staff | **40%** men | **60%** women | Average age **48** | **24** nationalities

A PURPOSE-FOCUSED WORKFORCE

- AI taskforce developing workplace efficiencies
- Staff visits to funded companies to understand our impact
- Award-winning green initiatives encouraging sustainability
- Pioneering transparency of HR data for staff and managers

EXECUTIVE SUMMARY

The annual activity report is a management report of the Director of EISMEA to the College of Commissioners. Annual activity reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties ([5]).

A. Implementation of the Agency's Annual Work Programme – Highlights of the year

In 2025, EISMEA delivered crucial support towards the development and scaling up of SMEs with breakthrough and disruptive technologies, supporting key policy priorities of the Commission.

Support for Ukraine: As part of the Commission's response to Russia's war of aggression against Ukraine, EISMEA continued to act across its programmes to enable the continuation of Ukrainian business and innovation. The Seeds of Bravery project continued supporting Ukrainian tech startups, funding 450 projects as well as providing coaching, training and legal advice. EISMEA also launched a new EIC call to increase innovation support to Ukrainian tech SMEs and startups working on deep-tech solutions for the recovery efforts in Ukraine. Under the Single Market Programme, Erasmus for Young Entrepreneurs continued providing tailored support to Ukrainian new entrepreneurs. Positive results from the Erasmus for Young Entrepreneurs Impact Consortium (supporting 56 Ukrainian new entrepreneurs) became the most viewed news item on EISMEA's website in 2025, showing high levels of public interest in support efforts for Ukraine. The Agency continued to support the translation of harmonised standards into Ukrainian to facilitate the integration of the Ukrainian economy into the EU Single Market

EIC - reinforcing competitiveness and strategic autonomy: Supporting the Commission's 'New plan for Europe's sustainable prosperity and competitiveness,', the Agency funded EIC Pathfinder projects in crucial technology areas that will help ensure Europe's strategic autonomy. They include biotechnology, generative AI for cancer treatment, as well as renewable fuels, chemicals and materials.

The EIC's STEP Scale-Up Call further strengthened efforts to scale up innovation by providing financial support in the form of investments to 19 selected high-potential companies. With a focus on quantum technologies and semiconductors, the call aims to enhance the EU's economic and technological competitiveness.

Supporting the EU Start-up and Scale-up strategy, the Agency published a EUR 20 million call to establish a European Startup and Scaleup Hub pilot. The Agency also continued its support for women innovators. The European Prize for Women Innovators (a flagship initiative under the New European Innovation Agenda - NEIA) showcased nine women that are driving transformative

([5]) Article 17(1) of the Treaty on European Union.

change and fostering innovation-driven growth in the European Union. In parallel, the EIC women leadership programme supported more than 100 female innovators in 2025.

©EISMEA 2025 - EIC multi-corporate day in Osaka, Japan with Commissioner Zaharieva

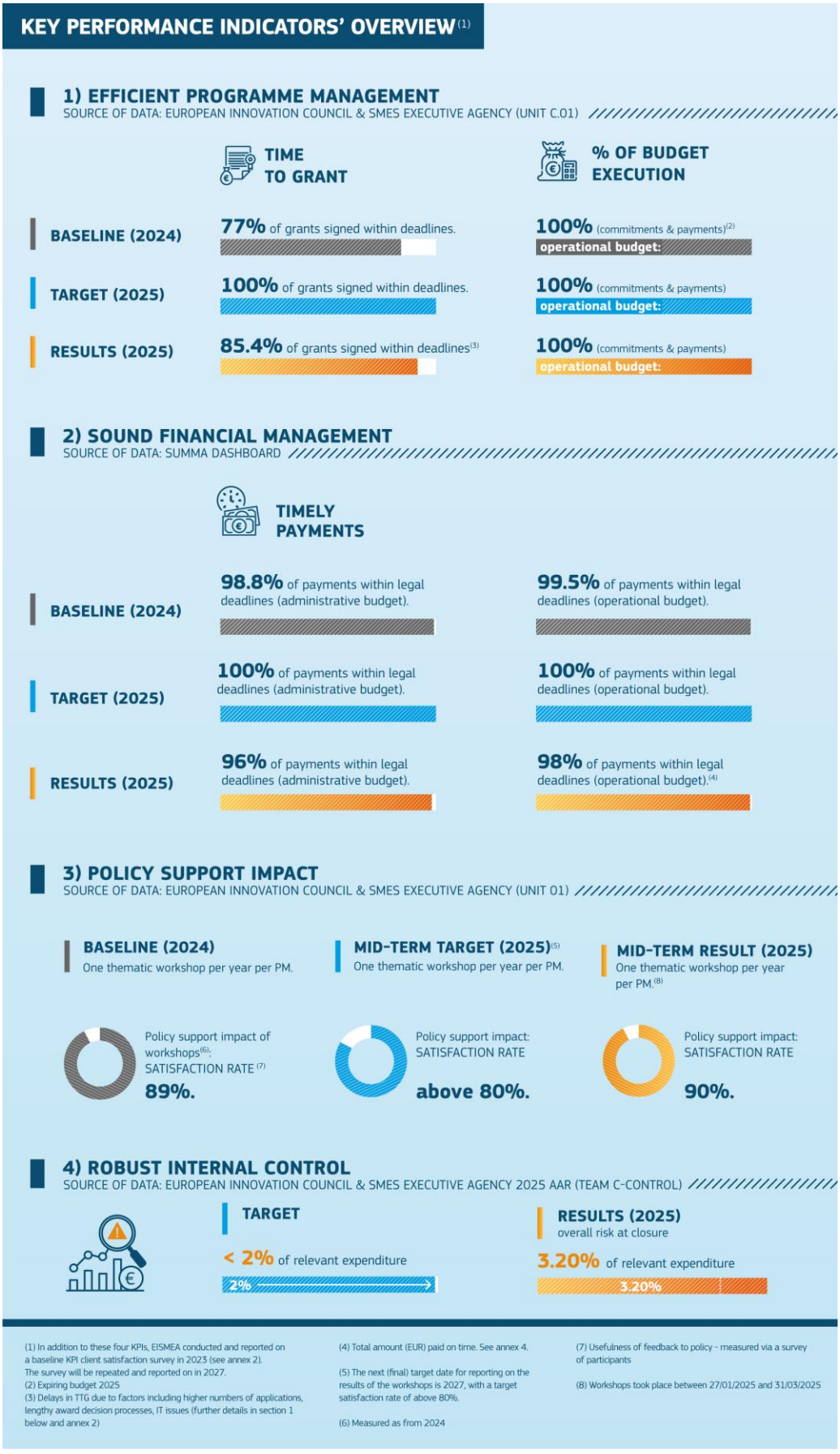
EISMEA ensured high levels of visibility for the EIC throughout the year, with a strong presence and major deep-tech events across the globe. In Brussels, the EIC Summit on 2 and 3 April placed a high-profile spotlight on the programme with exclusive workshops, pitching sessions, networking opportunities and groundbreaking projects.

Strong results while working towards further improvement: The Agency delivered strong results in implementing its portfolio and successfully took on additional tasks. However, record-high application volumes (particularly under the EIC) placed significant operational demand on available capacity and affected certain performance indicators, notably Time-to-Grant (TTG). In 2025, timelines were also influenced by the duration of award decision procedures and by technical constraints related to the grant management (eGrants) and accounting (SUMMA) systems. Taking on board internal audit recommendations, the Agency is working with its parent DGs to improve its Single Award Decision procedure, TTG as well as its procurement processes.

Strengthening the Single Market: The Agency worked to support the implementation of the Single Market Strategy, by implementing several Single Market Programme (SMP) actions aiming to unlock its full potential for citizens and businesses. Central to these efforts was the transition of the Enterprise Europe Network (EEN) to its second contractual period under the current Multi-annual Financial Framework (MFF). This milestone led to 89 new EEN projects from all regions of the European Union and countries associated to the SMP beginning their SME support activities in July 2025.

Protecting consumers: EISMEA promoted the interests of consumers and ensured a high level of consumer protection and product safety through actions such as the "Coordinated Activities on the Safety of Products (CASP) Customs" project, targeting consumer goods offered for sale online from third countries. This initiative was complemented by the contract "Organisations of Joint Actions on Compliance of Products in the EU and EFTA countries" (JACOP 2026), signed in November 2025, helping to ensure that only safe and compliant products are made available in the EU market.

B. Key performance indicators



C. Key conclusions on internal control and financial management

EISMEA has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors.

The transition in 2025 to the Commission's new accounting system, SUMMA, has required the adjustment to a new system and has impacted budget implementation tasks, processes and financial management activities, particularly during the first part of the year. This has required careful management to ensure the same data quality as in previous years. In some cases, this may have resulted in lower performance for some standard financial indicators such as the timely payments.

All the above elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives. Please refer for further details to section 2 on Internal Control and Financial Management.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated. Some improvements are needed, as deficiencies were identified related to internal control principles 10, 11, 12 & 13. Please refer to section 2.3 for further details. The Director, in his capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance albeit qualified by reservations concerning:

1) the rate of the residual error within grant payments in the Horizon Europe Framework Programme, implemented directly by EISMEA.

2) EIC Award decision process: Reservation on reputational grounds concerning weaknesses affecting the award decision process.

D. Provision of information to the Steering Committee and to the parent DGs' Directors General

In the context of the regular meetings during the year between the Director and the parent DGs on management matters, the main elements of this report and assurance declaration, including the reservations envisaged, have been brought to the attention of the Agency's Steering Committee and to the parent DGs' Directors-General.

1. IMPLEMENTATION OF THE AGENCY'S ANNUAL WORK PROGRAMME – HIGHLIGHTS OF THE YEAR

The Agency's 2025 Annual Work programme (AWP) was adopted by the European Commission on 26 May 2025 and by the Agency's Steering Committee on 20 June 2025. The work programme lists the main activities and outputs of the Agency that contribute to the achievement of the objectives as defined by its parent DGs. Key achievements under the different programmes delegated to the Agency are highlighted below.

The reliability of the performance information is ensured in line with the European Commission's corporate criteria on the reliability of performance information, which includes the principles established in the 'Data governance and data policies at the European Commission' and the memoranda of understanding established between EISMEA and its parent DGs. Controls in this regard did not reveal any significant issues. Exhaustive reporting on the achievement of the targets as planned in the AWP can be found in annex 2.

In 2025, the Agency contributed to the Commission's commitment to rationalise reporting requirements and reduce them by 25% through increased use of lump sums (reducing reporting requirements of beneficiaries) and the use of dashboards to provide easier access to key data. EISMEA also provided suggestions to the Commission on how the implementation of the programmes and the burden on beneficiaries could be reduced with a view to further reducing requirements in future years.

Supporting the Agency's programme management and the work of its parent DGs, the Agency implemented its feedback to policy (F2P) activities in line with the action plan agreed with its parent DGs. Across all delegated programmes, EISMEA provided support to the Commission in the drafting of work programmes and calls, and provided regular data and statistics on programme implementation, including success stories. For the EIC, in addition to the 10 Programme Manager workshops, the Agency continued to integrate further data into the EIC project portfolio dashboards, providing input and analysis to the EIC Tech report and EIC Impact reports as well as launching a study on composition, outcomes and trajectories of Pathfinder and Transition projects. Under the Single Market Programme, additional activities included country reports for all countries participating in the SMP Pillar and engagement with consumer stakeholders through workshops and information sessions. The I3 instrument undertook a mid-term assessment and trend analysis of funded projects and applications which was presented to the I3 expert group in May.

Horizon Europe

As part of Horizon Europe – the EU's research and innovation framework programme – pillar 3 (Innovative Europe), the Agency implements actions under the **European Innovation Council** and **European Innovation Ecosystems.**

By implementing these actions EISMEA helps to accelerate the conversion of emerging research into transformative innovation that is commercialised and scaled up in the EU, while strengthening digital and frontier technologies for Europe's strategic autonomy. In doing so, EISMEA contributes to the European Commission's objective 'A new plan for Europe's sustainable prosperity and competitiveness.'

European Innovation Council (EIC)

The EIC aims to support the rapid scale up of innovative technologies and companies (mainly start-ups and SMEs) at EU and international level. It is organised into three main funding schemes:

- the **EIC Pathfinder** for advanced research to develop the scientific basis to underpin breakthrough technologies;
- the **EIC Transition** to validate and test technologies and plan a pathway to market; and
- the **EIC Accelerator** to help companies bring their innovations to market and scale up.

In addition, the **Strategic Technologies for Europe Platform (STEP)** pilot call offers investments to innovative startups, SMEs and small mid-caps in Europe's strategic technology sectors. The financial support is complemented with access to **Business Acceleration Services (BAS)**. In addition, **EIC prizes** and other related actions, provide complementary support to promising innovators.

2025 saw the highest number of full proposals ever submitted to the different strands of the EIC with a total of 5150, compared to 4077 in 2024, an increase of 26%. While the increase demonstrates the sound reputation and high visibility that the EIC has established, it also impacted the Agency's capacity to achieve key performance indicators, notably Time To Grant (TTG). Additional constraints that caused delays in 2025 included lengthy award decision processes and IT issues relating to both the grant management system (eGrants) and the accounting system (SUMMA). To help improve TTG, EISMEA and DG RTD are working to improve the planning, coordination and IT support for the award decisions.

In addition, EISMEA prepared and opened in 2025 a major new activity foreseen under the 2026 Work Programme - the 2026 AIC (Advanced Innovation Challenges) call. EISMEA also launched a call in support of Ukraine that was not originally foreseen in the 2025 EIC Work Programme. Despite these additional pressures on the Agency's workload, EISMEA helped ensure a strong EIC performance throughout the year, achieving many successes outlined in detail below.

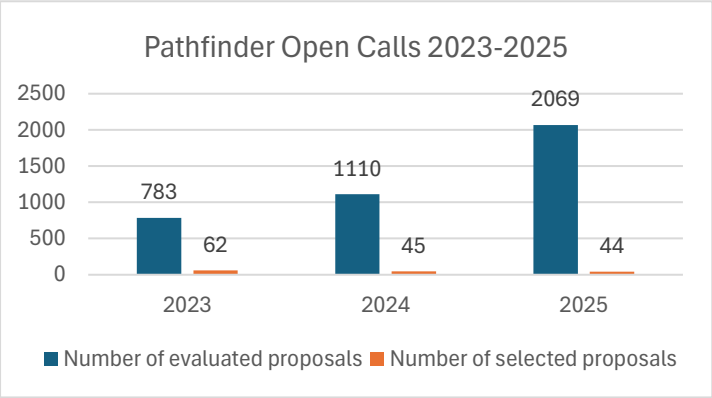
EIC Programme Managers

The EIC Programme Managers (PMs) are responsible for developing visions for technological and innovation breakthroughs, the active management of portfolios of EIC funded projects to support these visions, and bringing together stakeholders to turn these visions into reality.
In 2025, the ten PMs achieved the following goals:

- Developed Pathfinder, Advanced Innovation and Accelerator Challenges for the EIC Work Programme (WP) 2026 in cooperation with parent DGs. The Advanced Innovation Challenges are piloting a new approach with more autonomy for Programme Managers.
- Raised Awareness and promoted the Challenges, at numerous info-days.
- Delivered proactive portfolio management for 21 Pathfinder Challenges from the 2021 to 2024 EIC Work Programmes, and delivered 16 strategic plans (SPs), outlining the portfolios' progress. Related activities included community building events in areas such as Renewable Hydrogen, Fuels and Chemicals; investor dinners, including for Space companies at SpaceTech Bremen; participation in trade fairs such as Ecomondo and other events targeting EIC stakeholders. The PMs also worked to develop Intellectual Property (IP) cartographies with the support of the European Patent Office to further help bring research to the market.
- Participated in selection panels and juries for EIC Pathfinder, Transition, and Accelerator topics from WP 2025, providing expert advice to selection and evaluation teams.
- Delivered ten feedback to policy workshops, one per PM, to parent DGs, with 90% satisfaction rate among stakeholders.
- Produced ten PM annual activity reports showcasing current EIC portfolios and projects.
- Contributed to the EIC Tech Report 2025 (to be published in Q1 2026) in cooperation with external experts.

EIC Pathfinder

The EIC Pathfinder offers grants to achieve proof of principle and validate the scientific basis of breakthrough technologies.



Call management: In 2025, the Agency organised two calls as planned:

The **Pathfinder Open** call saw demand for funding reach a record high (2,069 submissions evaluated, of which 44 selected), resulting in a success rate of 2.1%.

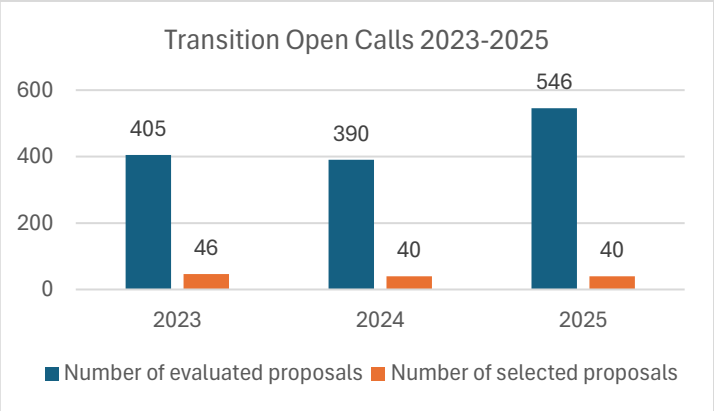
The **Pathfinder Challenges** call saw 677 proposals being evaluated at the end of 2025. Funding of the selected projects will support the development and scaling up of breakthrough and disruptive technologies, helping to ensure Europe's open strategic autonomy in crucial technology areas:

- Biotech for Climate Resilient Crops and Plant-Based Biomanufacturing.
- Generative-AI Based Agents to Revolutionise Medical Diagnosis and Treatment of Cancer.
- Towards Autonomous Robot Collectives Delivering Collaborative Tasks in Dynamic Unstructured Construction Environments.
- Waste-to-Value Devices: Circular Production of Renewable Fuels, Chemicals and Materials.

Programme management: The Agency continued monitoring 445 projects selected under the EIC Pathfinder calls within Horizon Europe to date, as well as 83 projects selected under the Horizon 2020 Programme Future and Emerging Technologies (FET). The Agency amended a number of EIC Pathfinder projects by adding participants from widening countries that were selected via the "Hop-on facility" call.

EIC Transition

The EIC Transition funds innovation activities that go beyond the experimental proof of principle in laboratory.



Call management: In 2025, the scope of eligibility for the EIC Transition call was extended. This contributed to a major increase in the number of submitted proposals compared to the previous year. Out of a record number of 611 proposals submitted, 546 eligible proposals were evaluated, and 40 were selected for funding, resulting in a success rate of 7.3% of evaluated proposals.

Programme management: 2025 saw the first wave of Transition projects (from the 2021 call) ending, while the number of active Transition projects reached an all-time high (around 180 projects). While some projects hit technology risks many were looking towards the next stages of their development and investment.

EIC Accelerator

EIC Accelerator funding and support are designed to de-risk high innovative companies, enabling innovators to attract the full investment amounts needed for scale up in a shorter timeframe.

Call management: The EIC Accelerator attracted around 2200 full proposals for evaluation in 2025, remaining stable compared to previous years. The number of short proposals, however, increased by approximately 25% from around 2600 proposals in 2024 to 3200 in 2025. Changes to the rules on consensus meetings introduced in 2024 led to a record number of proposals being invited to interview in January 2025 (over 430 companies) and a low success rate of 16% at interview. Further changes to the consensus rules were implemented in the 2025 EIC Work Programme, leading to a smaller number of invited companies (149) and the success rate rising

to 26%. The main sectors for proposals selected for funding came from the Digital/ICT, Health and Engineering/clean tech sectors.

Programme management: An amendment to the 2025 EIC Work Programme in July removed the ownership and control assessment obligation for certain Challenges. While this helped to speed up the time to grant, EISMEA was not able to sign all grants within the legal time limits, as further explained above and in annex 2.

EISMEA continued to strengthen coordination between the grant and investment components for EIC Accelerator blended finance cases, supported the implementation of the equity component for EIC Accelerator equity-only cases, and contributed to the implementation of the EIC Strategic Technologies for Europe Platform (STEP) Scale-up scheme. Activities included:

- Coordinating Equity Readiness Assessment screening with around 140 selected companies and the European Investment Bank (EIB).
- Supporting the implementation of the STEP Scale-up scheme, with 19 companies selected for equity investments in the range of EUR 10-30 million.
- Assigning more than 130 companies to the EIC Fund / EIB
- Representing EISMEA in 44 EIC Fund Advisory Committee meetings, briefing European Commission observers including specific information on around 160 projects.
- Organising the annual EIC-EIC Fund Workshop (Brussels, 19-20 March 2025)

Strengthening the EIC: additional calls

In 2025, EISMEA managed additional EIC calls addressing specific political objectives.

Strategic Technologies for Europe Platform (STEP) scale-up call: The call attracted 118 proposals, from which 19 high-potential companies were selected. 14 of the companies came from the EIC portfolio. With three investments already completed, the expected financial impact is significant, with a projected EIC investment leverage effect of more than four times the public contribution. As a newly introduced instrument, its implementation entailed operational challenges, including the establishment of adapted procedures, alignment of governance and control requirements, and coordination between grant and investment workflows. These steps required progressive adjustments during the first implementation cycle.

Pre-Accelerator call: EISMEA is currently evaluating 1024 eligible proposals (150% more than the 400 proposals originally estimated). The high volume has been a challenge for the different processes of the evaluation currently ongoing: last minute contracting of additional experts, IT issues, and difficult monitoring created by the high number of proposals.

Women TechEU initiative: EISMEA relaunched the EUR 15 million Coordination and Support Action (CSA) to continue implementing the Women TechEU initiative. The awarded consortium will provide grants of EUR 75 000 to support early-stage women-led deep-tech startups, paving their way for the participation in future EIC calls.

Ukraine tech: An amendment to the EIC WP 2025, introduced an additional call, aiming to increase innovation support to Ukrainian tech SMEs and startups working on deep-tech solutions for the rebuilding and recovery efforts in Ukraine. The call targeted priority areas including cybersecurity; artificial intelligence (AI) and machine learning; and satellite, space and maritime technologies. EISMEA received close to 350 proposals.

In 2025, Seeds of Bravery launched its final calls targeting Ukrainian tech startups, funding 450 projects. As well as financial support (EUR 12 million in total), the startups also benefit from coaching, training, legal advice and preparation to apply to EIC calls.

EIC Prizes

EIC Prizes help to support and foster innovation across Europe. They engage with citizens by recognising innovators from different areas and perspectives within Europe's innovation ecosystems. In 2025, EISMEA successfully launched and managed all planned prize competitions.

The European Capital of Innovation Awards (iCapital) ceremony took place in Turin (Italy), on 4th December 2025. Grenoble Alpes Metropole (France) was awarded the first prize, receiving EUR 1 million for its forward-looking approach to sustainable urban development. Aalborg (Denmark) won the Rising Innovative City category, receiving a EUR 500,000 prize. The city stood out for its effective integration of technology into urban planning.

© EISMEA 2025 iCapital Ceremony in Turin, Italy.

The 2025 edition attracted 37 applications, representing a 12% increase compared to 2024. Beyond the ceremony, iCapital is building up a network of cities that lead by example, thus ensuring that local innovation initiatives generate broader European impact.

Media coverage totalled 68 mentions, from the winners' and runners up countries (France, Denmark, Netherlands, Spain, UK) but also from Italy and widening countries (Poland and Romania).

The 2025 European Prize for Women Innovators (a flagship initiative under the New European Innovation Agenda - NEIA) and the 2024-25 European Innovation Procurement Awards ceremonies were organised during the EIC Summit held in Brussels on 3-4 April 2025, in front of more than 1500 participants. The ceremony of the 2024 edition of the European Social Innovation Competition took place in Brussels, on 11 March 2025 during the European Social Innovation Forum.

The 2026 edition of the European Prize for Women Innovators was launched on 17 June 2025 with an application deadline of 25 September 2025. In 2025, the competition attracted 250 applications.

EIC Community and Business Acceleration Services

The EIC's **Business Acceleration Services (BAS)** provide EIC awardees and other eligible organisations with services to help bring their innovations to the market and grow their businesses. Since 2021 EIC BAS facilitated EUR 370 million in investments.

In 2025, BAS activities included 26 matchmaking sessions with potential clients, involving almost 1,000 EIC beneficiaries and Seal of Excellence companies.

- The Innovation Procurement Partnership programme facilitated contracts worth over 20 million for EIC companies
- The Corporate Partnership Programme 3.0 set up 17 matchmaking opportunities with corporations including Thales, Unilever, Philips, Bayer, and Sanofi, leading to 44 deals.
- The Pilot Multicorporate Day with Japanese corporations organised with the Japanese External Trade Organisation (JETRO) alone accounted for 13 deals.

In addition, EISMEA organised 10 investor pitching events and 17 investor dinners, supporting the activities of the Trusted Investors Network.

EISMEA brought 120 companies to seven international trade fairs: Consumer Electronics Show (CES) in Las Vegas, Mobile World Congress in Barcelona, Bio Convention in San Diego, Gitex Africa in Marrakesh, Gitex Europe in Berlin, Medica in Düsseldorf and Gitex in Dubai. In addition, 30 companies joined EIC soft-landing missions in Boston and in Texas.

International Trade Fair Impact: Since 2024, participating EIC companies reported EUR 66.2 M in revenue and investment deals from the EIC International Trade Fair programme, representing a 29-fold return on investment.

While the EIC coaching scheme served fewer than expected SMEs and teams in 2025, 104 female innovators benefitted from the EIC Women Leadership programme. Over the last five years, the programme has helped 30% of researchers and C-level leaders advance in their careers and more than 60% of CEOs and founders secure new funding and grow their teams.

120 promising companies - in line with the STEP strategic domains - received scaleup support through the EiC Scaling Club (part of the actions of the New European Innovation Agenda) and raised EUR 1,4 billion of additional investments.

EIC Communication Actions

In 2025, EISMEA, in line with recommendations from the EIC Board and in coordination with DG RTD, promoted EIC funding opportunities by participating in major deep tech events, organising info days and organising a major awareness-raising campaign around the EIC work programme 2026, including four online information sessions, social media, a podcast, factsheets and videos.

EISMEA led on the organisation of the fourth edition of the EIC Summit and organised the EIC Drone Days in the margins of the European Commission's R&I days. EISMEA also communicated on developments from the EIC Board and on impact of the EIC.

European Innovation Ecosystems (EIE)

EISMEA published three calls in 2025 with a total value of EUR 162,5 million. The calls support the completion of the New European Innovation Agenda (NEIA) Flagships, with a specific focus on:

- **Support for Innovative SMEs:** Improved knowledge transfer, access to finance, and international market access for European innovative Small and Medium-sized Enterprises (SMEs), leading to increased growth and competitiveness.
- **Interconnected Innovation Ecosystems:** Efficient, inclusive, and interconnected innovation ecosystems across the EU, and the development of common knowledge assets within regional innovation valleys, in close coordination with the I3 Instrument.
- **Innovation Procurement, Investments and Deep Tech:** Enhanced capacity for public procurers to carry out innovative procurements, increase foreign venture investments in deep tech, and develop deep tech ecosystems around pan-European research and technology infrastructures, leading to more innovative solutions and economic growth.

In addition, supporting the policy priority of the EU Start-up and Scale strategy, the Agency brought forward the publication of the EUR 20 million call from the 2026 Work Programme (establishing a European Startup and Scaleup Hub pilot) to December 2025.

The Agency also implemented **procurement actions,** that inform policy making and support the programme objectives of the NEIA. They include an annual benchmarking of national policy frameworks and investments on innovation procurement across Europe and a pilot European Start-up scoreboard, to be published in 2026.

Results and success stories from the EIE programme were widely shared and viewed, featuring among the top 10 posts of EISMEA's X and LinkedIn accounts. The EIE homepage is also among the top 10 most visited pages of the EISMEA website.

Single Market Programme

The Agency implements several complementary strands of the Single Market Programme: the Consumer protection pillar (actions aimed at protecting the rights of consumers in the internal

market); the SME pillar (actions to support the competitiveness of SMEs), as well as actions designed to strengthen the internal market and provide support to standardisation.

By implementing these actions, EISMEA is helping to ensure that the Single Market is more integrated. In line with the Single Market Strategy, this contributes to enabling companies to scale up and compete globally while driving industrial innovation and strengthening supply chains. It also helps ensure a prosperous and competitive tourism eco-system that creates opportunities for businesses, while ensuring that consumers are empowered and better protected. As such it contributes to achieving the European Commission's objectives of a new plan for Europe's sustainable prosperity and competitiveness, as well as supporting people, and strengthening our societies and our social models.

Consumer protection pillar

The Consumer protection pillar activities aim at promoting the interests of consumers and ensuring a high level of consumer protection and product safety. To help achieve these objectives, the Agency launched one call for proposals and two invitations to submit proposals in 2025:

- Call for proposals for action grants to provide financial contributions to Alternative Dispute Resolution (ADR) Bodies and Representative Actions Directive (RAD) Qualified Entities.
- Invitation to submit a proposal for action grants to the designated bodies to host the European Consumer Centres (ECC).
- Invitation to submit a proposal: Operating grant to support the activities of the consumer organisation at the Union level – award to beneficiary identified in the legal base - The European Consumer Organisation (BEUC).

In 2025, the Agency managed three specific contracts under the Coordinated Activities on the Safety of Products - Coordinated Activities on the Safety of Products (CASP) flagship action. As a follow up action, supporting the Commission's communication "A comprehensive EU toolbox for safe and sustainable e-commerce", EISMEA kicked off the implementation of the "CASP Customs" project. The initiative, coordinated by DG JUST, in close cooperation with DG GROW and DG TAXUD, focuses on consumer goods offered for sale online from third countries. National market surveillance authorities (MSAs) responsible for product safety in the EU/EFTA, and the corresponding customs authorities in those countries, jointly participate in this project. In addition, the Agency successfully finalised a behavioural research study to support an EU harmonised label for specific commercial guarantees of durability and an EU harmonised notice on the legal guarantee of conformity.

The Agency helped to organise high-level events, including the Informal Ministerial Meeting held in Brussels in May 2025 and the 2025 Consumer Summit. This annual policy event, brings together stakeholders including policymakers, national consumer enforcement authorities, academia, and representatives of civil society, such as consumer, business and youth organisations, at both EU and national level.

In February and May 2025, the Agency organised two online Info Sessions for prospective applicants of the ADR/RAD call and for the ECC members, helping to attract a high number of proposals.

SME pillar

The SME pillar aims to strengthen the competitiveness and sustainability of European enterprises by supporting SMEs, clusters and business network organisations, facilitating access to markets, promoting entrepreneurship and a favourable business environment for digital transformation and the modernisation of industry.

Call management: EISMEA met all its targets for the publication of calls for tenders. All planned calls for proposals were published, except for one related to tourism which will be published in early 2026 ([6]). One call stemming from a European Parliament pilot project was also launched.

Programme management: The Agency successfully managed the transition of the Enterprise Europe Network (EEN) to its second contractual period under the current Multi-annual Financial Framework (MFF). In total, 89 new EEN projects were selected across all regions of the European Union and countries associated to the SMP, starting their activities in July 2025. The Agency renewed cooperation agreements with International Network Partners (non-funded members of the Network representing major global markets) and finalised the Network's previous contracts.

The EEN's Annual Conference in Aalborg, Denmark on 26-28 November gathered around 800 participants under the theme "Driving innovation, decarbonisation and security for SMEs: a stronger Network in action".

The **Erasmus for Young Entrepreneurs** (EYE) awarded two entrepreneurs for their business excellence: *New* Entrepreneur of the Year 2025 Duygu Yılmaz Koksal, for her company Saledo, Türkiye revolutionising the way we perceive food waste, and *Host* Entrepreneur of the Year 2025 Marco Filippi for his drive-sharing app Volvero (Malta).

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In addition, EYE continued providing tailored support to Ukrainian new entrepreneurs and extended its reach out to Canada, Singapore, UK and USA through six new projects.

EISMEA awarded 16 projects under the second **Euroclusters** call. The projects focus on net-zero technologies, critical raw materials and other strategic value chains. With a budget of EUR 42 million, the second generation of Euroclusters will support the adoption of new processes and advanced technologies, helping to provide strategic autonomy in several critical areas.

([6]) Publication of call delayed due to late completion of call specifications by DG MOVE.

The **SME Assembly 2025** (10-12 November) took place in Copenhagen, Denmark, in conjunction with the Danish Presidency of the EU. Delegates explored critical issues shaping Europe's competitiveness, from building strategic partnerships and reducing critical dependencies to securing raw materials and fostering growth in the digital and biotech sectors. The Assembly also highlighted emerging entrepreneurial talent through panels and awards such as the Youth Start-Up Competition and European Enterprise Promotion Awards.

External communication initiatives included online awareness campaigns to spotlight the expertise of EEN advisers and outstanding award-winning examples of EEN support.

Positive results from the Erasmus for Young Entrepreneurs Impact Consortium (led by a Ukrainian organisation, supporting 56 Ukrainian new entrepreneurs) became the most viewed news item on EISMEA's website in 2025.

Internal Market and support to standardisation

The Internal Market and Support to Standardisation strand of the SMP aims to make the internal market more effective by supporting market surveillance throughout the Union, financing European standardisation and enabling the participation of relevant stakeholders to standardisation activities.

Call management: EISMEA met all its targets for the publication of calls for proposals and calls for tenders, publishing:

- Five calls for proposals for Support to Standardisation;
- One call for proposals for the support of the European Union Testing Facility (EUTF);
- Two calls for tenders (and signature of related contracts) in the field of Market Surveillance.

Programme management: The Agency supported the development of standards in strategic fields such as Artificial Intelligence, cyber resilience, satellite communications and additive manufacturing**.** EISMEA continued to support the translation of harmonised standards into Ukrainian to facilitate the integration of the Ukrainian economy into the EU Single Market. In the field of Market Surveillance, the Agency supported joint actions on the compliance of products in fields including child car seats, lifts, cosmetics, clothes and radio-controlled toys. The contract "Organisations of Joint Actions on Compliance of Products in the EU and EFTA countries" (JACOP 2026) was signed in November 2025 with a total budget of over EUR 5 million, helping to ensure that only safe and compliant products are made available in the EU market. The Agency also signed a contract and supported the implementation of a study on products with embedded software.

EISMEA helped to promote the EU's Market Surveillance activities by running a paid campaign on LinkedIn and META in September 2025.

European Regional Development Fund (ERDF)

Interregional Innovation Investments (I3) Instrument

The European Regional Development Fund (ERDF) aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions. The I3 Instrument, implemented under the EU Cohesion Policy, aims to accelerate innovation deployment in connected regional innovation ecosystems across the EU. It does so by providing financial and advisory support to innovation actors and supporting actions to increase the capacity of regional innovation ecosystems in less developed regions.

2025 saw 70 projects funded under the I3 instrument (including ten Regional Innovation Valley projects), representing more than EUR 300 million in committed EU grants (61% of the total I3 Instrument funding allocation under the current EU funding period).

Technical assistance from the I3 Support Facility enabled innovation actors from less developed regions to participate in I3 Instrument projects and value chains. The Facility also provided policy feedback on the impact of the actions. In addition, the I3 Instrument Observatory provided an overview of funded I3 Instrument projects, beneficiaries and sectors. With the support of the Facility, EISMEA organised the first I3 Instrument Forum bringing together close to 200 beneficiaries, ERDF/cohesion managing authorities, regional innovation stakeholders, parent DGs and EISMEA to discuss I3 Instrument successes, challenges, synergies and the future of the Instrument.

I3 Impact: With EUR 12 million of I3 instrument investment, RegioGreenTex project created a dynamic circular textile ecosystem, giving the European textile industry a competitive edge. Supporting the EU textile strategy, a consortium from 11 EU regions across eight EU countries has created five regional textile hubs. They help companies to adopt innovation and de-risk investments in recycling technologies and methods. More than 20 SMEs have already been mobilised to create, develop and use new textile materials, as well as zero waste solutions.

Awareness of the I3 Instrument increased with application numbers for the 2025 investment calls increasing by more than 80% compared to 2024. The quality of the funded proposals continues to improve, shown by increasing evaluation scores and the impact of running projects.

As planned, EISMEA organised I3 online info sessions as well as the I3 Instrument Annual Forum, with all events surpassing the target number of participants. Engagement on social media exceeded expectations, with paid campaigns on LinkedIn reaching 50% more than the expected results. The I3 Instrument homepage is among the most visited on the EISMEA website with 29 622 page views.

2. INTERNAL CONTROL AND FINANCIAL MANAGEMENT

Management monitors the functioning of the internal control systems on a continuous basis and carries out an objective assessment of their efficiency and effectiveness. In annex 7, there is a list and details of the reports that have been considered. The results of the above assessment are explicitly documented and reported to the Management.

EISMEA implements the delegated programmes with the Director acting as Authorising Officer by Delegation (AOD). As such, the Agency manages the EU programme budgets by way of direct management and manages its own operating budget. This section covers the control results and other relevant elements that support management's assurance.

2.1. Control results

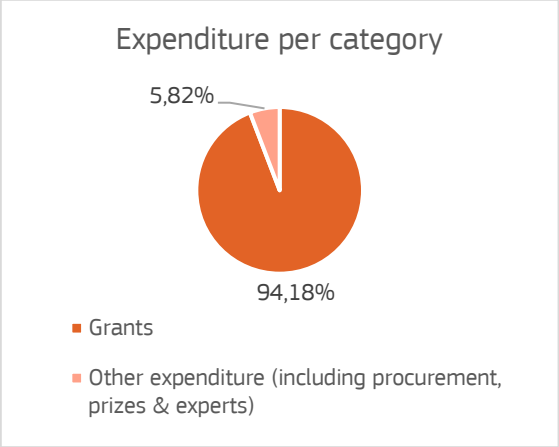
Management uses control results to support its assurance and reach a conclusion about the cost-effectiveness of those controls, meaning whether the right balance between the following elements is achieved:

- **Effectiveness** The level of error found, based on the controls carried out.
- **Efficiency** The average time taken to inform or pay.
- **Economy** The proportionality between the costs of controls and the funds managed.

The Agency's assurance building and materiality criteria are outlined in annex 5, while annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

EISMEA implements its budget via direct management. As per its Control Strategy, the Agency employs two distinctive Relevant Control Systems (see annex 6):

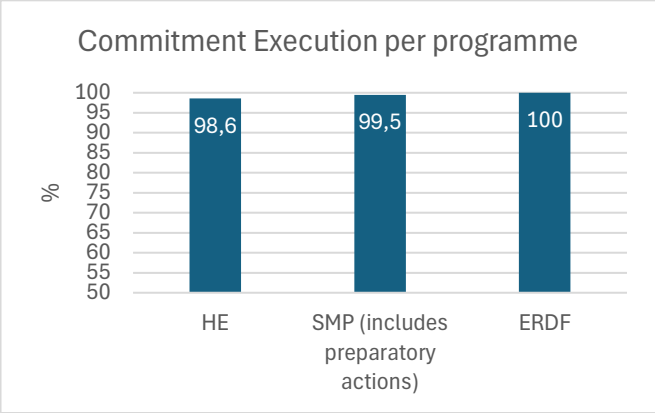
i) Grant Management
ii) Procurement, prizes and experts

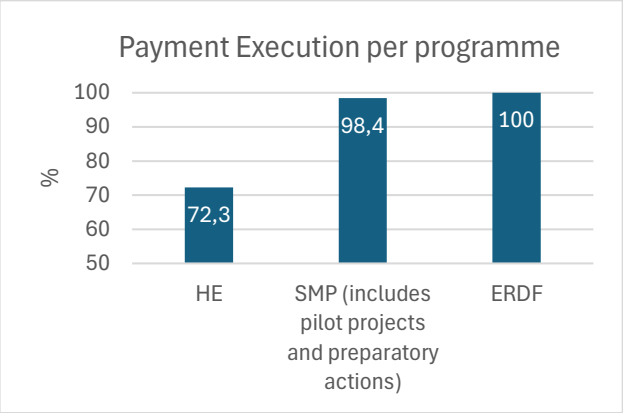


Grant management accounted for 94.18% of payments in 2025. Other types of expenditure (including procurement, prizes & experts) relate to 5.82%.

1) Expenditure overview. EISMEA's operating budget (EUR 49,82 million) covered the administrative expenses of the Agency. In 2025, the Agency committed EUR 49,82 million, out of which a total of EUR 47,05 million (94.4%) was paid by the end of the year. The remaining payment credits, totalling EUR 2,77 million, were carried over to year 2026, as is standard practice foreseen under the operating budget.

Figures on commitment and payment appropriations under EISMEA's operational budget are outlined below. Detailed tables are available in annex 7.





EISMEA committed EUR 1,078.53 million out of EUR 1,090.97 million authorised commitment appropriations in total across its three programmes in 2025, representing an overall rate of 98.8%.

EISMEA executed EUR 1,032.69 million in payments out of EUR 1,335.87 million authorised payment appropriations in total across its three programmes in 2025. The lower rate shown for Horizon Europe reflects the inclusion of appropriations from external assigned revenue which was carried over to the following year. For the budget expiring in 2025, the figure is 100%.

2) Revenue and Income overview (presented in annex 3). The amount coming from the revenue (EUR 13 million) is mainly the result of the recovery orders cashed from grants.

3) Financial Instruments and significant non-expenditure items overview (presented in annex 3 Balance Sheet). The Agency carries out an Accounting Quality Exercise on an ongoing basis which aims at ensuring the accuracy of the data in the IT financial systems. In 2025, EISMEA tested financial transactions in areas including expenditure, pre-financing, commitments, guarantees, recovery orders, fixed assets, and cut-off. The tests concluded that financial transactions were recorded according to Financial Regulation and internal guidelines.

2.1.1. Overview of the budget and relevant control systems (RCS)

EISMEA has established a system of controls to ensure sound financial management and to build reasonable assurance on the legality and regularity of financial transactions, taking into account the multiannual character of programmes and the nature of payments concerned. Controls cover

budget implementation through grants and procurement, both with respect to the operational and administrative budgets.

The Agency's assurance building and materiality criteria are outlined in Annex 5. Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

The table below represents an overview of EISMEA's operational payments per activity (grants, other type of payments including procurement, prizes & experts) and per programme.

Risk type/Activities	Grants	Other types of expenses (including procurement, prizes & Experts)	Total payments
Horizon Europe - Grants (2021-2027)	707,83	26,70	734,52
Horizon Europe - Grants (2021-2027) - Pilot		1,63	1,63
Horizon 2020 - Grants (2014-2020)	52,12		52,12
SMP Grants (2021-2027)*	152,32	30,20	182,52
RCS 1 - COSME Grants (2014-2020)	0,93	0,84	1,77
Standardisation Grants (2014-2020)	2,42		2,42
ERDF Grants (2021-2027)	57,00	0,72	57,72
Total	972,61	60,08	1.032,69
See AAR annex 3	Overall total (m EUR)		

* including preparatory actions

RTD family direct and indirect grant management for H2020 and Horizon Europe

The RTD Family operates on a common audit strategy intended to contribute to the legality and regularity of expenditure on a multi-annual basis, including detection and correction of non-systemic and systemic errors.

For Horizon 2020 (H2020) and Horizon Europe (HE), the Common Audit Service (CAS) of the Common Implementation Centre (CIC) carries out all the financial audits ([7]), including those concerning grants managed by the Executive Agencies, the Joint Undertakings and EUSPA. The **main indicators** on legality and regularity of EU Framework Programmes for Research and Innovation are the **cumulative representative detected error rate**, and the **cumulative residual error rate ([8]).**

The **targets as** set out in annex 5 materiality criteria are respectively**:**

- For Horizon 2020, to ensure that the cumulative detected error rate remains within a range of 2-5%, aiming to be as close as possible to 2%.

([7]) Except audits for article 185 bodies.

([8]) DG Research and Innovation's assurance building, indicators and materiality criteria are outlined in annual activity report annex 5.

- For Horizon Europe, to ensure that cumulative detected and residual error rates do not exceed 2%.

Annex 7 presents the audit coverage for H2020 and Horizon Europe and the implementation of the audit target for 2025.

For non-H2020 and non-HE programmes, the Agency's quantitative materiality threshold is set at a residual error rate of 2%.

The control results are presented in Annex 7. For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. administrative expenditure, operational expenditure related to procurement, prizes and experts), the rate used is 0.5% as a conservative estimate.

2.1.2. Effectiveness of controls

EISMEA uses internal control processes to ensure sound management of risks relating to the legality and regularity of the underlying transactions it is responsible for, taking into account the multiannual character of programmes and the nature of the payments concerned.

a) Assessment of control results per segment of expenditure

Control results for grants management

The control system for grant direct management is deployed in four stages outlined below. Key indicators have been defined for each stage covering control effectiveness and control efficiency. For EIC, these controls are reinforced through a Programme Manager's Office providing expertise in an emerging science-and-technology area. Fully integrated in all stages of the control processes, the Office works closely with the ongoing projects and stakeholders to create and accelerate concrete innovation opportunities through a portfolio of actions.

Stage 1: Programming, evaluation and selection of proposals aims to ensure that the Agency selects the most promising proposals that contribute the most towards the achievement of the policy or programme objectives, and comply with the eligibility, selection and award criteria.

EISMEA concluded all legacy calls previously planned. The budget allocated for calls published in 2025 was fully implemented or committed for all programmes in 2025. For further details of cost effectiveness ratios for proposals and evaluation review requests see annex 7. Benefits could be quantified to more than EUR 144 billion in total. Evaluations are ongoing in some calls and eligibility of all applicants has therefore not yet been assessed.

Qualitative benefits: a well-designed Work Programme and widely published calls appeal to a larger number of good quality projects, out of which the very best can be chosen. Expert evaluators bring independence, knowledge and a range of opinions. Selection controls ensure that the most merited projects are funded. Conflict of interest is checked systematically

Stage 2: Contracting aims to ensure that the allocation of actions and funds provides the best value for public money, and that each of the selected proposals is translated into a legally binding grant agreement allowing for sound management.

Qualitative benefits: Checking the committed budget for relevance and appropriateness helps prevent future errors, leading to a higher assurance on the achievement of the project objectives and results.

Stage 3: Monitoring the execution aims to ensure that the operational and financial results from the projects are of good value, meet the objectives, and comply with regulatory and contractual provisions. Ex ante controls detected 1.11% of non-eligible costs over the amount claimed.

Qualitative benefits: Monitoring, processing amendments and scrutinising costs claimed by beneficiaries contribute to the legality and regularity of the transactions and therefore an overall improvement of the financial efforts carried out by the Agency.

Stage 4: Ex post controls and implementing results aim to assess the legality and regularity of payments made using the detected and residual error rates. An overview of results is outlined below.

Horizon 2020 Framework Programme

The error rates based on the audit work for Horizon 2020 Framework Programme for Research and Innovation (H2020) on 31 December 2025 are:

- **Cumulative representative detected error rate** for the Framework Programme: **3.83%** ([9])
- **Cumulative residual error rate** for the Framework Programme: **1.78%** (2.90% for EISMEA).

The relatively stable level of error in H2020 grants is linked to the applicable funding model, which is based on the reimbursement of eligible actual costs. Most of the errors continue to relate to incorrect claims for personnel costs that are mainly due to beneficiaries' lack of thorough understanding of the inherently complex rules.

Since R&I Framework Programmes are multi-annual, the error rates, and the residual error rate in particular, should be considered within a time perspective. Specifically, the implementation of the audit results over time has proven to be effective in 'cleaning' the budget of any ineligible amounts declared by and paid to beneficiaries. This 'cleaning effect' becomes even more relevant given the extension of audit findings to non-audited grants of the same beneficiary.

These error rates are calculated on the basis of the audit results available when drafting the Annual Activity Report. The yearly fluctuation of the detected error rate in H2020 exhibits no identifiable correlation with the maturity of the programme.

There is evidence that the simplifications introduced under H2020, along with the ever-increasing experience, helped in reducing the number of errors made by the beneficiaries, especially when compared to the Seventh Framework Programme where the error rate was higher and varied from close to 5% to around 5.5% over time. Notwithstanding these efforts, beneficiaries still make errors. Simplification measures for actual costs under H2020 have however reached their limits. Actions carried out to address these weaknesses are reported in annex 7.

Horizon Europe Framework Programme

2025 was the fifth year of implementation of the Horizon Europe Framework Programme (HE). HE extends the use of simplified cost options and lump sum funding, the latter having an adapted approach to ex-post control. The error rates based on the results of ex-post controls for HE on 31 December 2025 are:

- **Cumulative representative detected error rate** for the Framework Programme: **4.38%** ([10])
- **Cumulative residual error rate** for the Framework Programme: **4.05%** (4.18% for EISMEA).

These error rates are calculated based on the ex-post financial audits and ex post technical reviews results available when drafting the Annual Activity Report. Due to the still relatively small number of completed audits and technical reviews, the error rate calculation is highly sensitive

([9]) Based on the 930 representative results out of the 948 expected in the six Common Representative Samples.

([10]) Based on the 89 representative audits and 29 representative technical reviews out of the 177 expected audits and 30 technical reviews in the first Common Representative Sample.

to extreme results.

As for H2020, most of the errors continue to relate to incorrect claims for actual personnel costs that are mainly due to beneficiaries' wrongful application of the Horizon Europe rules, despite the introduced simplifications. Newcomers and Small and Medium Enterprises (SMEs) remain those more prone to errors in comparison to the more experienced/large size beneficiaries.

As for H2020, the Horizon Europe error rates—and in particular the residual one—should be considered within a time perspective. The implementation of the audit results and extension of audit findings over time will tend to lower the cumulative residual error rate, thereby increasing its difference with the representative detected error rate.

Although there is an action plan to address some causes of errors[11], a reservation is issued in the Annual Activity Report as the cumulative residual error rate is, at the end of 2025, above the 2% materiality threshold.

The reservation in the declaration of assurance for the Horizon Europe expenditure is addressed in annex 9.

Other programmes managed by the Agency

EISMEA finalised the implementation of the ex-post audit strategy covering the period 2016-2024 and started the implementation of the ex-post audit strategy for SMP and I3.

COSME 2014-2020: EISMEA closed 135 audit reports at programme level. The residual error rate of the programme is 2,14% compared with 2.18% at the end of 2024. The programme meets the cumulative criteria to fall below the "de minimis rule", therefore EISMEA does not make a quantified reservation. ([12])

Consumer Programme 2014-2020: The implementation of audit results led to a decrease of the residual error rate from 4.87% at the end of 2024 to 4.49%. There were no payments for the Consumer Programme in the relevant expenditure of the year. The programme meets the cumulative criteria to fall below the "de minimis rule", therefore EISMEA does not make a quantified reservation.

Standardisation 2014-2020: The audit cycle closed when the programme was transferred to EISMEA. The cumulative residual error rate of the programme is 0,35%.

SMP 2021-2027: The detected error rate for SMP is 0.74%. As the audits were closed in the second half of the year, the audit results are partially under implementation. The residual error rate of the programme is 0.70%, below the materiality threshold.

I3 2021-2027: Due to the lack of auditable population, the first audit sample is planned for 2026.

Further details are presented in Annex 7.

([11]) See annex 8

([12]) Details about the related calculations are shown in Annex 9.

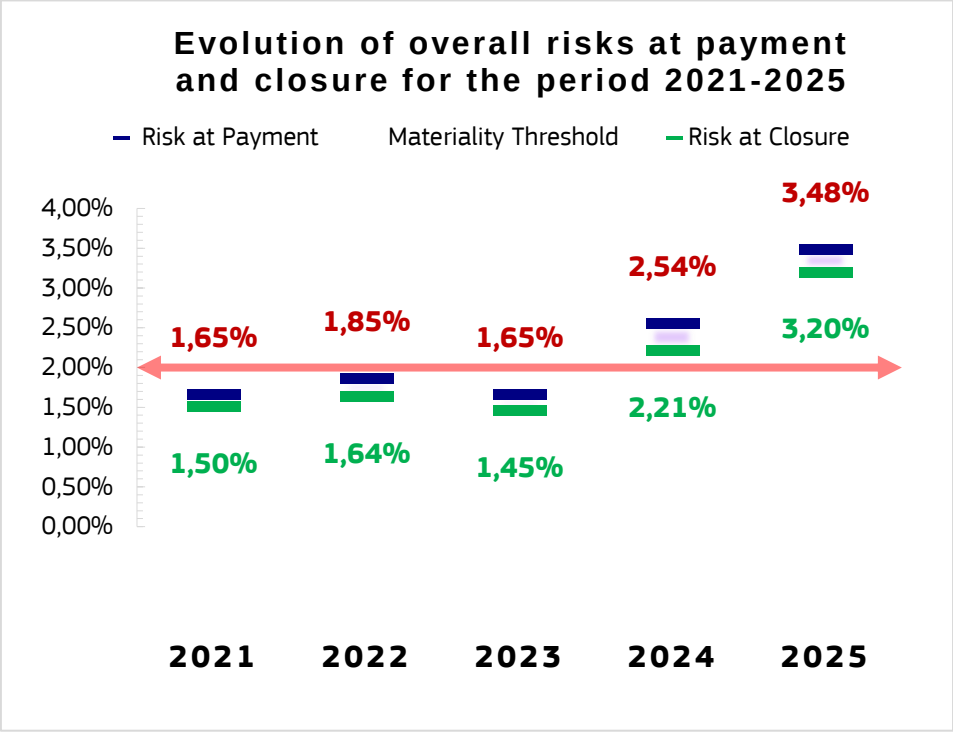
Cost effectiveness of grants: costs and benefits per stage

GRANTS	Benefits	Staff costs	External /other costs	Total Costs
Stage 1: evaluation and selection	144,485,359,246.56 €	4,292,281.11 €	651,690.00 €	4,943,971.11 €
Stage 2: contracting	6,237,608.76 €	4,292,281.11 €	- €	4,292,281.11 €
Stage 3: monitoring the execution	10,914,144.58 €	20,030,645.20 €	- €	20,030,645.20 €
Stage 4: ex-post controls and recoveries	115,594.00 €	322,170.00 €	254,487.00 €	576,657.00 €
TOTAL	**144,502,626,593.90 €**	**28,937,377.43 €**	**906,177.00 €**	**29,843,554.43 €**

The above table gives an overview of costs per stage. The staff costs of controls related to the four stages of grant management have been estimated by considering (i) direct costs, (operational and finance staff directly dealing with grant management), and (ii) overhead costs by applying an allocation key. The external costs include expenses paid for evaluation experts and external contractors carrying out ex post audits under non-Horizon programmes. For Horizon 2020 and Horizon Europe, expert payments are done by the European Research Executive Agency (REA) and audits performed by the Common Audit Service (CAS).

EISMEA Manual of Procedures contributes to the cost-effectiveness of the processes, as an internal resource to help staff members perform their everyday tasks with efficiency.

b) Estimation of the overall risk at payment and risk at closure



The estimated overall risk at payment for 2025 expenditure is the AOD's best conservative estimate of the amount of relevant expenditure during the year that is not in conformity with the contractual and regulatory provisions applicable at the time the payment was made. A proportion of the underlying errors will be corrected in subsequent years and until the end of the programming cycle, corresponding to the conservatively estimated future corrections for 2025

expenditure. The difference between the risk at payment and the estimated future corrections results in the estimated overall risk at closure ([13]).

There is an increasing trend since 2023 mainly due to the increase of the error rates of H2020, the results of the first-ever audit campaign on Horizon Europe and the high share of the related payments in the relevant expenditure of the year. The preliminary results suggest, as expected, that lump sums result in fewer errors. Since only relatively few lump sum projects have been subject to an ex-post technical review so far, these results are not statistically significant yet and will need to be corroborated by further reviews as part of the multi-annual ex post control strategy. At this stage, the overall error rate for Horizon Europe remains nearly entirely determined by the estimated error rate on cost-reimbursement grants. With the share of lump sum grants and payments gradually increasing, the lower error rate on lump sum grants is expected to lead to a lower overall error rate in the future. For comparison, in 2024 the cumulative representative detected error rate for the Framework Programme was calculated at 3.55% and the respective cumulative residual error rate at 1.79%. 2025 is also the first year for which an error rate is calculated for Horizon Europe.

For an overview at Commission level, the departments' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated in the Commission's Annual Management and Performance Report (AMPR).

c) Quantitative benefits of controls: Preventive and corrective measures

EISMEA continued to perform ex-ante controls and ex-post controls as an effective mechanism for detecting and correcting errors.

In 2025, due to the transition to SUMMA, only preventive measures exceeding EUR 500,000 are reported. All corrections made by the EISMEA fall below this threshold and therefore are outside the reporting scope.

Ex post controls resulted in corrective measures of EUR 0.37 million.

d) Fraud: prevention, detection, and correction

EISMEA has developed and implemented its own anti-fraud strategy since May 2023, based on the methodology provided by OLAF. In 2025, the Agency continued implementing its anti-fraud strategy and reviewed its action plan ([14]) to ensure its continued effectiveness. Its implementation is being monitored and reported to the management twice a year. All actions have been fully (14) or partially (3) implemented with full completion expected for June 2026.

([13]) This is the AOD's best, conservative estimation of the expenditure authorised during the year that would remain not in conformity of applicable regulatory and contractual provisions by the end of implementation of the programme.

([14]) Presented to EISMEA's Steering Committee on 20 June 2025.

Details on the results and outputs of measures set in the anti-fraud strategy are provided in Annex 7.

Corrective measures based on OLAF recommendations are reported on in the context of annual monitoring exercises conducted by OLAF, in accordance with Article 11 of Regulation 883/2013 ([15]).

On the basis of the available information, EISMEA has reasonable assurance that the anti-fraud measures in place are effective.

2.1.3. Efficiency of controls

The transition in 2025 to the Commission's new accounting system, SUMMA, has required the adjustment to a new system and has impacted budget implementation tasks, processes and financial management activities, particularly during the first part of the year. This has required careful management to ensure the same data quality as in previous years. In some cases, this may have resulted in lower performance for some standard financial indicators such as the timely payments (see Annex 4). These data quality issues may also impact the consistency of reporting data.

Having considered the control efficiency ratios for each of the four stages of controls described above, EISMEA concludes that its activities have been carried out in an efficient manner. Figures for time to inform and timely payments were close to 100% for almost all programmes. Time to grant fell below target for reasons including lengthy award decision processes and IT issues relating to both the grant management system (eGrants). Further details are outlined in the Executive Summary B (Key Performance Indicators), annex 4 (Financial scorecard) and annex 2 (Performance tables).

In 2025, EISMEA processed a total of 4,851 payments ([16]) on the operational budget where 98% of the total payment accepted amount was done within the legal deadlines. On the administrative budget, 1,116 payments ([17]) were processed where 96% of the total payment accepted amount was done within legal deadlines.

In 2025, EISMEA processed a total of EUR 1,007.03 million of payments ([18]) under the administrative and operational budgets, where 98% of the total payment amounts were made within the legal deadlines. This exceeds the EC score, reflecting efficient payment processing. In particular, on the operational budget, EISMEA processed EUR 975.37 million of payments on time,

([15]) REGULATION (EU, EURATOM) No 883/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999

([16]) Source: SUMMA dashboard. Note that some payments made by EISMEA are excluded from this calculation.

([17]) Source: SUMMA dashboard. Note that some payments made by EISMEA are excluded from this calculation.

([18]) Source: SUMMA dashboard. Note that some payments made by EISMEA are excluded from this calculation.

out of a total of EUR 995.13 million. On the administrative budget, EISMEA processed EUR 11.42 million of payments within legal deadlines, out of a total of EUR 11.90 million.

2.1.4. Economy of controls

The calculation of the cost of controls was done taking into account the number of relevant Full Time Equivalents (FTE) working in each function related to the pertinent control stage and considering other costs related to external experts.

	Costs of controls	Amounts managed	Ratio costs/amount
Ex-ante controls	30,116,147.72 €	1,032,694,069.36 €	2.92%
Ex-post controls	576,657.00 €	14,859,708.00 €	3.88%
Total cost of controls	30,692,804.72 €	1,032,694,069.36 €	2.97%

The table above gives an overview of the Agency's ratio of cost of controls over the total amounts managed. Compared to 2024 (3.03%), the total ratio cost of controls slightly decreased in 2025 More details are available in Annex 7.

Details of the estimated cost related to shared/pooled control activities carried out by REA and hosted by DG RTD (Common Implementation Centre including Common Audit Service) for the Research and Innovation family are reported in the annual activity reports of REA and DG RTD.

2.1.5. Conclusion on the cost-effectiveness of controls

Based on the most relevant key indicators and control results reported above, EISMEA assessed the effectiveness, efficiency and economy of its controls of its financial management and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible. Specific actions to be taken to reduce the error rate under Horizon Europe as well as make improvements to the Internal Control Principles 10, 11, 12 and 13 are highlighted in Annex 8.

2.2. Audit observations and recommendations

This section sets out briefly the state of play for all audit observations and recommendations reported by auditors related either to performance aspects or to internal control and financial management. Further details for IAS and ECA audits can be found in Annex 8.

Where an audit has detected weaknesses affecting an internal control principle or EISMEA's assurance, a detailed analysis is provided further below in section 2.3 and, where applicable, the incidence on the AOD's assurance is presented in section 2.4, accordingly.

Internal Audit Service

Reported	Audit Title	Accepted Recommendation (critical or very important)	State of play in 2025	Impact on the assurance for 2025
2025	Horizon Europe - EIC grant agreements preparation and award procedures in EISMEA and DG RTD	Critical: No. 3	⌛	🚩
		Very important: No. 1, 2, 4	⌛	☑
2025	Procurement at EISMEA	Very important: No. 3	⌛	☑

State of play		Assurance	
☑	Action plan implemented	☑	No impact on the assurance
⌛	Action plan implementation is ongoing	🚩	Impact on the assurance
📝	Preparation of the action plan		

The DG IAS audit on Horizon Europe - EIC grant agreements preparation and award procedures in EISMEA and DG RTD - was issued on 22 December 2025 and led to one critical recommendation and three very important recommendations addressed to the Agency (one additional very important recommendation was addressed to DG RTD). Taking a prudent approach, EISMEA and DG RTD issued a reservation to the declaration of assurance in their Annual Activity Reports (see Annex 9). Both services are committed to implementing corrective actions agreed with DG IAS as quickly as possible (before Q3 2026 for the critical recommendation, latest end 2026 for the rest) to ensure that any potential risks are appropriately mitigated within a short timeframe.

European Court of Auditors

Administrative budget: The audit on the reliability of EISMEA's 2024 accounts confirmed the reliability and legality of EISMEA's financial operations. However, the Court also highlighted control weakness regarding a direct contract to reassess the eligibility of costs claimed. EISMEA has taken corrective actions to address these shortcomings. These points do not call the Court's positive opinion into question and were properly addressed in EISMEA's replies and actions. The implementation of the corrective measures will be assessed by the Court in the audit on the reliability of EISMEA's 2025 accounts in 2026.

Special Reports: During the year, the ECA undertook one performance audit involving EISMEA.

Operational budget

Reported	Audit Title	Accepted Recommendation	State of play in 2025	Impact on the assurance for 2025
2023	Statement of Assurance (DAS [19])	2	☑	☑
2024	Statement of Assurance (DAS [20])	1	⏳	☑

State of play		Assurance	
☑	Action plan implemented	☑	No impact on the assurance
⏳	Action plan implementation is ongoing	🚩	Impact on the assurance
📝	Preparation of the action plan		

2.3. Assessment of the effectiveness of internal control systems

The Commission has adopted an Internal Control Framework based on the highest international standards. ([21]) EISMEA has adapted the Internal Control Framework to its specific characteristics and organisational structure. The internal control systems are suited to achieving its policy and internal control objectives in accordance with the internal control principles, having due regard to the risks associated with the environment in which it operates.

The internal control assessment was performed in compliance with the Commission's established methodology ([22]). It was based on an evaluation of monitoring indicators defined in EISMEA's Internal Control Framework and a desk review of information from various sources. Further information on all points outlined in this section is provided in annex 8.

EISMEA has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to principles 10, 11, 12 & 13. The remedial measures envisaged are outlined in the Agency's Action Plan 2026 ([23]) as well as the specific Action plans related to the IAS audits on EISMEA Public Procurement and EIC Grant Agreement Preparation. Moreover, an action plan related to the residual error rate within Horizon Europe grants payments has been created at the level of the R&I Family. More details on the causes influencing the overall assessment of the effectiveness of internal controls can be found under section 2.4.

([19]) Annual report on EU agencies for the financial year 2023
([20]) Annual report on EU agencies for the 2024 financial year
([21]) The Committee of Sponsoring Organizations of the Treadway Commission Internal Control Integrated Framework, the golden standard for internal control systems.
([22]) Implementation guide of the internal control framework of the Commission
([23]) Part of the Agency's Internal Control Self-Assessment 2025.

2.4. Conclusions on the assurance

The information reported in this section results from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a comprehensive coverage of the budget delegated to the Director of EISMEA. This is confirmed by the statement of the Head of Department in charge of risk management and internal control in Annex 1. The audit results, the internal control assessment and the control indicators do not reveal any significant weaknesses, except:

- Two audits of DG IAS which resulted in one critical and four very important recommendations. The Agency will implement the related Action Plans in 2026.
- The early results from a small amount of ex post controls carried out under Horizon Europe, which led to a relatively high cumulative residual error rate of 4.18%.
- Internal control self-assessment, also based on the results of the above-mentioned audits, which revealed minor improvements needed in Internal Control Principles 10, 11, 12 and 13.

Subsequently, two reservations to the declaration of assurance are issued, one related to the high error rate in Horizon Europe and one on the critical recommendation of DG IAS.

(1) Horizon Europe: The residual error rate above the 2% materiality threshold is mainly due to incorrect declarations of actual personnel costs by beneficiaries, often resulting from a misinterpretation of Horizon Europe financial rules, particularly among new participants and SMEs. The limited number of completed ex-post audits and reviews in 2025 makes the calculated rate sensitive to a small number of high-value findings. Mitigating measures include increased outreach and training for beneficiaries, strengthened guidance to participants through EU services and National Contact Points, bidirectional feedback loop between ex-post and ex-ante controls through dedicated internal meetings at the level of the R&I Family, and the progressive roll-out of lump-sum funding. EISMEA already has mitigating measures in place, such as applying audit results through recoveries or corrections to payments and extending findings to non-audited participations when systematic errors are detected. All monitoring criteria under Principle 10 have been met, and additional strengthening measures have been introduced, including a revised Business Continuity Plan, an updated Control Strategy, and a Sensitive Functions Policy.

(2) IAS recommendation: procedural weaknesses were identified by the IAS in the EIC Accelerator award and grant preparation process, creating a reputational risk. In some cases, award decisions were adopted before grant agreement preparation (GAP) checks were fully completed, although no ineligible grants were signed. A joint corrective action plan by DG RTD and EISMEA agreed with DG IAS will be implemented by end 2026 (before Q3 2026 for the critical recommendation, latest end 2026 for the rest) and will strengthen the sequencing and transparency of the procedures. Some corrective actions are underway or already implemented. EISMEA has also improved procedures for managing exceptions and non-compliances and reduced deviation cases between 2024 and 2025.

Due to the application of the ‘de minimis’ rule a reservation concerning the COSME 2014-2020 grants segment was not issued (see Annex 9). The resources assigned in 2025 to the activities described in this report are used for the intended purpose following sound financial management

and the control system in place provides the necessary guarantees concerning the legality and regularity of the transactions.

The main weaknesses identified under Internal Control Principles 10, 11 and 12 relate to the two reservations above which led to Component III (Control Activities) being assessed as "needs minor improvements." EISMEA considers that thanks to the robustness action plans developed together with DG RTD as well as their timely implementation, the internal control system overall remains effective and functioning, with some improvements needed. For more information please refer to Annex 8.

Recapitulative Table

Reservation	Financial Impact (in m EUR)		Residual error rate 2025*	Evolution
	2024	2025		
Reservation concerning the rate of the residual error within grant payments in the Horizon Europe Framework Programme, implemented directly by EISMEA.	-	32.16 M	4.18%	New
Reservation on reputational grounds concerning weaknesses affecting the award decision process.	-	-	N/A (reputational)	New

* where applicable.

In conclusion, based on the elements reported above and with the exception of the two reservations, management has reasonable assurance that, overall, effective controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance, albeit qualified by two reservations concerning (1) the rate of the residual error within grant payments in the Horizon Europe Framework Programme, implemented directly by EISMEA; and (2) on reputational grounds concerning weaknesses affecting the award decision process.

2.5. Declaration of Assurance and reservations

I, the undersigned Director of EISMEA

In my capacity as authorising officer for the operating (administrative) budget and authorising officer by delegation for the operational budget:

Declare that the information contained in this report gives a true and fair view ([24])***.***

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures

([24]) True and fair in this context means a reliable, complete and correct view on the state of affairs in the Executive Agency.

put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of EISMEA or those of the Commission.

However, the following reservations should be noted:

1) Reservation concerning the rate of the residual error within grant payments in the Horizon Europe Framework Programme, implemented directly by EISMEA.

2) EIC Award decision process: Reservation on reputational grounds concerning weaknesses affecting the award decision process.
More details are provided in annex 9.

Brussels, 31 March, 2026

(signature)

Momchil Sabev

3. A MODERN AND SUSTAINABLE PUBLIC ADMINISTRATION

3.1. Human resource management

2025 saw the implementation of EISMEA's recovery plan, creating the foundations for a healthy and supportive working environment. The impact of the plan was demonstrated in EISMEA's staff survey score of 73% for staff engagement using the new methodology introduced in 2025 (67% using the previously used methodology, representing a jump of nine points from 2023). EISMEA's experience is cited by DG HR as a best practice on how to use staff survey results to drive change.

Supporting career development: The Agency participated in several interinstitutional programmes supporting career development for staff, including the Directorate-General (DG) / Executive Agency exchange programme, interinstitutional job shadowing scheme, inter-agency talent programme for all staff, and the Junior Professional Programme. The executive agencies created a career guidance network, expanding the pool of trained counsellors that staff members can consult. EISMEA rolled out its competency framework and self-assessment tool, empowering staff to refine and shape their career path with clear expectations.

Walking the talk: EISMEA championed transparency by developing IT dashboards that track EISMEA's Key Performance Indicators (KPIs) for HR and are accessible to all staff ([25]). To further support staff, the Executive Agencies collectively launched a mediation network to fight against harassment and resolve conflict at work.

2025 Staff allocation: In line with the Agency's delegation act and Specific Financial Statement (SFS), EISMEA continued to decrease its staff numbers. In 2025, the Agency implemented a reduction of 28 Full-Time Equivalents (FTEs) in its workforce. Conversely, it also received funding for 11 FTEs from contributions provided by third countries. Throughout the year, the Agency closely monitored vacancies against the planned reduction of 19 FTEs for 2026.

Promoting gender balance: The Agency achieved the set target and offers regular updates on gender and geographical distribution to help its parent DGs meet the Commission's goals.

Shaping the Agency's organisational culture: EISMEA began implementing its renewed internal communication strategy with a series of actions driving forward transparency, community and purpose. Highlights included staff visits to Axiles Bionics - a local EIC-funded company creating robotic prosthetic feet. Agency staff saw first-hand how innovation supported by EISMEA can transform the lives of amputees.

3.2. Digital transformation and data management

Digital transformation

In 2025, the Agency continued to follow the Commission Digital Strategy (CDS) and align with its strategic objectives ([26]). Highlights included:

- **Objective #1 (CDS) Foster a Digital Culture** – EISMEA improved digital skills by promoting the use of collaborative and interoperable tools, offering support and training on them. EISMEA staff also participated in digital transformation Communities of Practice.
- **Objective #3 (CDS) Empower business-driven digital transformation** – To help deliver high-quality programme management, EISMEA further developed the use of innovative technologies and Artificial Intelligence to facilitate the finding and allocating of experts to evaluate proposals. The Agency, through its AI Task force, examined how to rethink and redesign business processes using automation and Artificial Intelligence (AI) to improve resource efficiency and performance. Based on the findings it launched several AI Proof of Concepts with the support of DIGIT and DG RTD, to be completed in 2026.
- **Objective #4 (CDS) Ensure a seamless digital landscape –** EISMEA used the Dual Pillar Approach, Reusable Solutions Platform and open-source technologies for its new IT initiatives. They included an open-source online ticketing platform and preparing for an open-source

([25]) For further information see section 3.4

([26]) Objective #2 Digital-ready EU policymaking is not applicable to EISMEA as it refers to the legislative process of policymaking in the policy cycle.

Stakeholder Relationship Management platform for the EIC programme. Both could serve as open-source, sovereign Reusable Solutions for other Commission services.

- **Objective #5 (CDS) - Sustain a green, secure and resilient infrastructure** – EISMEA continued improving the resilience and security of its IT infrastructure including using EC DIGIT offered solutions like hosting services and hybrid cloud infrastructure.

Information and IT security rules

On cybersecurity, EISMEA worked to improve the security of IT, using the services provided by DIGIT S. The Agency finalised and updated its relevant security plans and continued to implement cybersecurity awareness activities for staff. The Agency continued its cooperation with other Executive Agencies to achieve compliance with the Cybersecurity Regulation ([27]).

Data, information and knowledge management

The Agency fostered the use of corporate IT platforms and performed continuous proactive updates to the EC data inventory. Handling of data adhered to data quality principles: accuracy, completeness, reliability, relevance and timeliness. In parallel, EISMEA continued implementing its Microsoft 365 Applications ecosystem to ensure faster, more inclusive collaboration and knowledge sharing.

Data protection

The Agency actively monitored compliance with the EU Data Protection Regulation ([28]) and updated its Data Protection Action Plan, largely based on the Action Plan of the Commission and the IAS recommendations on processing of personal data. The Agency's Data Protection Officer (DPO) provided regular awareness and training for staff and management and updated internal rules and guidelines on data subject requests.

EISMEA worked to ensure appropriate identification and handling of data breaches, and data subject rights, to update Data Protection Notices (DPNs) and publish its records. It contributed to European Data Protection Supervisor (EDPS) surveys on the right to reassure and AI risks.

Sound environmental management

In 2025, EISMEA continued to enhance its sustainability and environmental responsibility in line with the Commission Communication on Greening the Commission. ([29])

([27]) REGULATION (EU, Euratom) 2023/2841 laying down measures for a high common level of cybersecurity at the institutions, bodies, offices and agencies of the Union.

([28]) Data Protection Regulation N° 2018/1725

([29]) (C(2022)2230) Communication to the Commission. Greening the Commission.

Implementing its Greening Strategy, EISMEA focused on reducing greenhouse gas emissions through initiatives including the use of climate resilient buildings, sustainable business travel and commuting, IT operations, and promoting a green and circular economy. For further details, see annex 10. An inter-Executive Agency Green Workplace Programme adopted in November reinforced these efforts by outlining common commitments to reduce emissions.

EISMEA continued to engage with the Commission's Eco-Management and Audit Scheme (EMAS) initiatives and campaigns including closing the office building during holiday periods under the BEST (Building Energy Saving Together) action.

The Agency also raised awareness through award-winning staff led activities such as the inter-Executive Agency campaign on digital frugality ([30]) and the inter-Executive Agency Green Week ([31]). Staff engagement in environmental initiatives was further demonstrated by increased numbers of staff participating in the Vélomai cycling challenge, where EISMEA ranked third place among the 56 EU institutions. With an additional 91 EISMEA registrations for the Commission's two Walking Challenges, the Agency ranked third place in the autumn edition.

3.3. Initiatives to improve economy and efficiency of financial and non-financial activities

EISMEA developed a HR Dashboard, presenting comprehensive, up-to-date HR information in a visual, user-friendly way. It is used by staff and managers to monitor the evolution of staff allocation and HR key performance indicators such as geographical and gender balance. The dashboard has helped to foster efficiency, transparency and accountability in HR management. Endorsed by EISMEA's Steering Committee and drawing interest from DG HR, it plays vital role in supporting informed decision-making and strategic HR planning within the Agency.

The Agency also increased the use of collaborative applications largely based on SharePoint Online capabilities (see section 3.2 above)

([30]) Third place prize in the Digital Commission Awards (March 2025) - celebrating projects that have advanced collaboration, data use and digital-ready policymaking across the institution.

([31]) Awarded first prize (December 2025) in the European Commission's Sustainable Events and Conferences Awards 2025.